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FOREIGN AGRICULTURE



March 30, 1970

**U.S. Durum Wheat Exports
Malaysia's Farm Progress:
Coconuts, Palm Oil**

Foreign
Agricultural
Service
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OF AGRICULTURE

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U.S. Exports of Durum-

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This week's cover:

Malaysians, such as these women planting rice, are contributing to a government effort to increase agricultural production through the use of double cropping, land settlement schemes, and expansion of cultivated acreage. For a study of different aspects of the Malaysian agricultural situation see articles beginning page 6. (Photo courtesy of FAO.)

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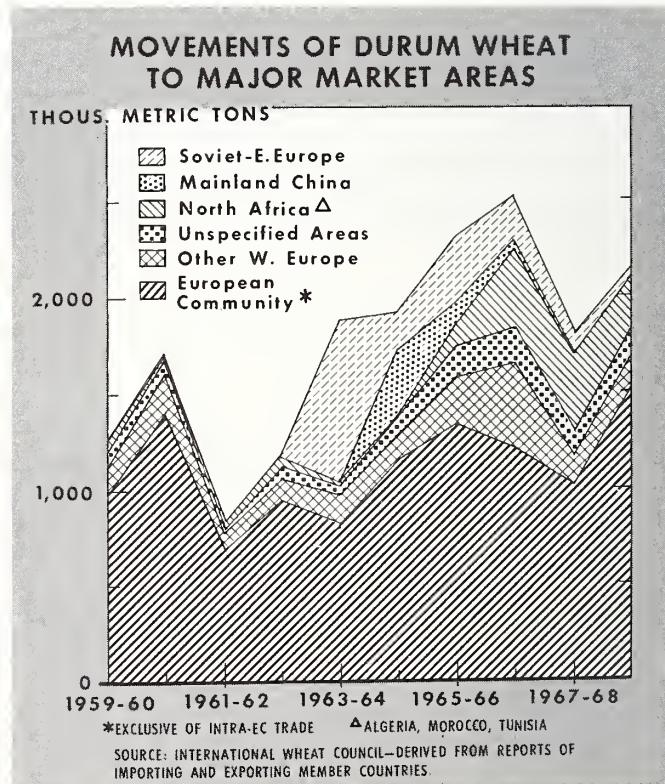
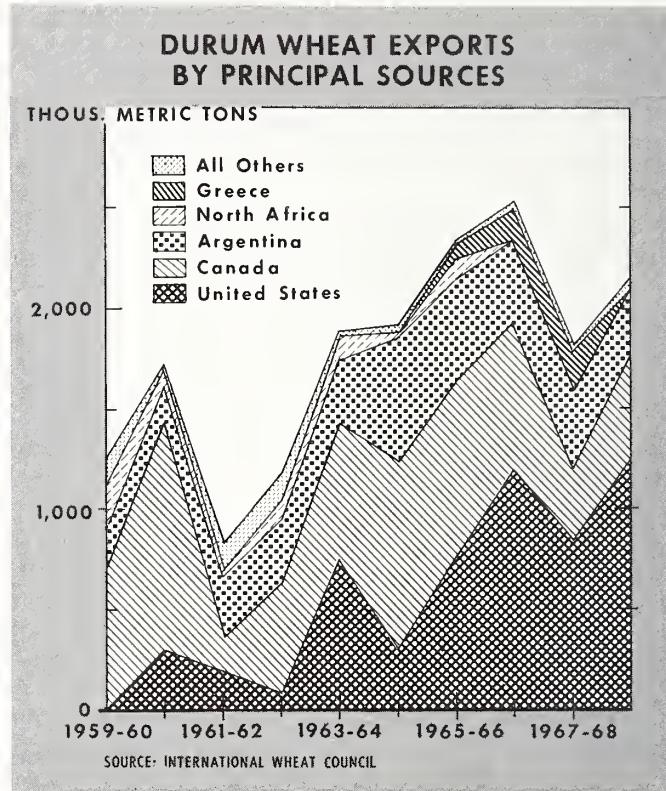
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A Unique Wheat in World Trade

The volume of U.S. durum exports has been erratic, but it has generally increased during recent years. Approximately 47 percent of the U.S. 1968 durum harvest was exported during the 1968-69 season when the export volume reached a near-record 1.3 million tons (46 million bushels). During the 1959-60 to 1961-62 period, U.S. shipments of durum averaged only 192,000 tons (7 million bushels), representing about one-third of domestic production. The growth in the volume of U.S. durum exports has been the result of several developments, including greater acceptance of U.S. durum by foreign buyers, a reduction in world prices of durum in relation to other wheat prices, and a general uptrend in the volume of world durum imports.

Durum—a unique wheat

Durum is a unique class of wheat, both botanically and in its principal uses. Botanically, *Triticum durum* is a species distinct from the other two common species grown commercially around the world, *Triticum aestivum* (common wheat) and *Triticum compactum* (club wheat). Because *Triticum durum* contains 28 chromosomes in its genetic makeup, it cannot be crossed with common wheat, which has 42 chromosomes. The uniqueness of durum has been recognized in international agreements such as the International Wheat Agreements and the International Grains Arrangement, and in the International Grains Arrangement specific minimum and maximum prices have not been established for durum.

Durum wheat is generally processed into semolina, a granular product, and used in the manufacture of pasta products such as spaghetti, macaroni, and vermicelli in most countries of West Europe and in the United States, Canada, and Argentina. Other wheats, especially high-protein hard wheats, can be used in the manufacture of pasta, but durum is preferred because of its amber color, high gluten, low moisture content, hardness, and vitreousness. Durum mills are equipped with special grinding equipment to cope with this extreme hardness. (The milled product from nondurum wheat is called farina.) In some other areas of the world durum is used to make national foods. In North Africa, couscous, a porridgelike food, is made from durum, while in the Near East, a pancake-type bread and also porridgelike foods are made from durum. Some regions of Spain, Portugal, and Greece use durum in breadmaking, but this use for it is declining. Porridge-type foods are made from durum in the USSR, but pasta production is small there.

Main production areas

The Mediterranean Basin seems to have been the original source of durum. Currently, durum wheat accounts for approximately three-quarters of the wheat grown in Algeria, Morocco, and Tunisia, and almost all of the wheat grown in Syria; it is also grown in Turkey, Iraq, and Greece. Portugal and Spain produce durum, but the volume has been declining in both countries in favor of other classes of wheat. Italy is the largest producer of durum in West Europe, around 2 to 2½ million tons annually, and durum represents up to 25 percent of total Italian wheat production in some years. France has succeeded in boosting durum production, but durum still accounts for only about 2 percent of total wheat production.

Canada and Argentina produce durum principally for export, but the level of production is greater in the United States than in either of these two countries.

The USSR is probably the largest producer of durum, although current production estimates are not available. An indication of the possible levels of production is state purchases of durum wheat, which were 919,800 tons in 1964, up from 236,200 tons in 1962 when production was estimated at 4 million tons. Durum is a spring wheat and performs best in the semiarid regions where moisture is critical; thus, the annual volume of world durum production has been very changeable.

In North America durum is also grown in areas where farmers have the option of growing other classes of spring wheat. Thus, price, yield, and other considerations often govern the year-to-year changes in durum production in the United States and Canada. It is possible to grow durum in areas of higher rainfall, but under these conditions durum wheat loses its vitreous characteristic and consequently is of little use to the pasta industry.

On the basis of available information, the International Wheat Council estimated that world production of durum wheat (not including countries with centrally planned economies) was 14.6 million tons in 1968-69, about 8 percent of total world wheat production and up 2.8 million tons from the 1959-60 to 1963-64 average when durum was estimated to have accounted for about the same percentage of total wheat production.

World trade increasing

The yearly volume of world durum trade¹ has fluctuated widely in recent years, but despite these swings the volume of trade appears to be increasing. Several developments are largely responsible for some of the major fluctuations. First, in 1963-64 and again in 1965-66 the USSR made extremely large purchases of durum wheat to cover domestic shortages brought on by sharp drops in production in 1963 and 1965. Since 1965-66 USSR purchases have been trailing off, and in 1968-69 the USSR was a net exporter of durum. Mainland China also purchased large amounts of durum in 1964-65, but it decreased its purchases in 1965-66 and again in 1966-67. All of this wheat purchased by Mainland China was from Canada, and the initial purchases were made at a time when the Canadian durum carryover was extraordinarily large and prices low and when supplies of other classes were somewhat limited. During the 1964-65 to 1966-67 period, it has been estimated, a total of approximately 250,000 tons of U.S. durum was imported by European countries, principally the United Kingdom for feeding to livestock. This was off-grade durum and its purchase was a temporary development resulting from the accumulation of low-grade durum stocks. Another recent development that has influenced the level of world durum trade is that Algeria, Morocco, and Tunisia, until 1965-66 net exporters of durum, have imported as much as 400,000 tons in recent years. Almost all durum trade has been on commercial terms.

¹ World trade figures cited in this article are from the International Wheat Council and represent sales transactions reported by member countries. These transactions probably cover 90 to 95 percent of world durum trade.

Western Europe—a major importer

Western Europe has been the major importing area for durum wheat, taking around three-fourths of world imports. The European Community is the largest importing group, with Italy, West Germany, and France being the principal consumers and importers. Only France and Italy produce durum, but the EC has been giving special emphasis to durum production by guaranteeing producers \$145 per ton (\$3.95 per bushel) as opposed to an intervention or support price of \$91.41 to \$98.75 per ton (\$2.49 to \$2.69 per bushel) for other types of wheat. On the other hand, because the intervention price for durum wheat is only about \$18.80 per ton (\$0.51 per bushel) over the level of other types of wheat, market prices of durum are only approximately 20 percent higher and do not act to retard the consumption of durum. Despite these special measures and increased production, EC imports of durum continue to mount.

Italy, which imported an average of 152,000 tons between 1959-60 and 1963-64 when its production averaged 1,567,000 tons, took about 825,000 tons from foreign suppliers in 1968-69 when production was 2,060,000 tons. However, 1968-69 was somewhat unusual, for effective January 1, 1968, Italy enacted a law that required all pasta products to be made from 100-percent durum wheat. Prior to enactment of this law it has been estimated that up to 700,000 tons of soft wheat had been used annually to make pasta products. West Germany, which imported an average of 307,000 tons between 1959-60 and 1963-64, boosted its imports through 1966-67; however, during the past 2 years, imports have been down as stocks of previously imported durum have been drawn upon.

EC countries increasing durum imports

France imported approximately 350,000 tons of durum wheat in 1968-69 despite a domestic production of 284,000 tons. During the 1959-60 to 1963-64 period, French imports averaged approximately 100,000 tons more than in 1968-69, but production was some 215,000 tons less. The other countries of the EC have also been importing increasing quantities of durum, but the volume does not currently exceed 100,000 tons. Other importers of durum in West Europe are Austria, Portugal, Switzerland, and the United Kingdom, all taking nearly 20,000 to 25,000 tons annually, with the exception of Switzerland, which imports some 100,000 tons annually.

Several countries in other areas of the world have been increasing their levels of durum imports; the most notable have been Japan, Venezuela, the Dominican Republic, and several countries in Central America. Japan, which will import about 40,000 tons in 1969-70, established its first semolina mills in 1964. Venezuela, another nondurum producer, purchased 38,000 tons during the 1968-69 year, against a 1959-60 to 1963-64 average of 5,000 tons. Total imports by the Central American countries of Costa Rica, Guatemala, Honduras, and Panama were nearly 40,000 tons in 1968-69 against about 2,000 tons only 8 years ago.

United States, Canada, Argentina—major suppliers

The United States, Canada, and Argentina supply around 90 percent of the durum entering world trade. Other suppliers have included Morocco, Tunisia, Syria, Spain, and recently Greece and the USSR. The United States has not always ranked along with Canada and Argentina as a durum supplier. As little as 10 years ago the United States was only

an occasional exporter of durum, but during the past several years exports have risen to between 800,000 and 1.3 million tons annually. Larger U.S. durum production at a time of increasing import requirements, competitive U.S. pricing, and greater acceptance of U.S. durum by foreign buyers have accounted for this expansion of the U.S. export volume.

A decline in the level of durum prices compared to other classes of wheat, particularly spring wheats, has also very likely been a significant factor in both the growth in the volume of world trade and the rise in U.S. durum sales. In the early 1960's when the countries in West Europe were virtually the sole importers of durum and Canada was the largest source, durum prices were well above those for other types of wheat. Canadian average annual export prices for No. 1 Amber Durum were from \$6.25 per metric ton to \$10.65 per ton over the offer prices for No. 2 Manitoba Northern (a spring wheat) between 1958-59 and 1960-61. However, during 1961-62 when both Canadian and U.S. supplies of durum were rather limited, the premium jumped to \$52.20 per ton, and it remained relatively high at around \$21 per ton during the 2 succeeding years.

The limited supply situation during the 1961-62 season—in the face of a relatively stable specialized import need—resulted in an even larger premium for U.S. durum in world markets. However, during the 1964-65 season, following the entry of large volumes of U.S. durum into world trade in the preceding season, Canadian export prices of durum only averaged \$1.10 per ton over spring wheat prices. World durum prices reached a low point during 1965-66 despite a sharp increase in world trade during that season. Since then, durum prices have somewhat increased relative to prices of spring wheats, but the premium charge for durum over other classes of wheat has remained below earlier levels. The following table shows average annual prices, c.i.f. Rotterdam, for U.S. durum and for Canadian No. 2 Manitoba, a spring wheat, for 8 crop years.

Outlook for U.S. 1969-70 exports

Prospects for reduced import needs in the EC, larger exportable supplies in Canada and Argentina, and U.S. sales performance during the first half of the year indicate that U.S. durum exports will not be sustained at last year's near-record level. However, declines in sales to the EC will probably be at least partially offset by larger sales to North Africa.

During the July 1969-January 1970 period, U.S. durum exports were 24,000 tons below the same period a year earlier. Compared with a year earlier, when EC imports were

COMPARISON OF DURUM AND SPRING WHEAT PRICES, C.I.F. ROTTERDAM

Year	United States No. 2 Hard Amber Durum	Canadian No. 2 Manitoba	Durum + or - Manitoba
	Dollars per metric ton	Dollars per metric ton	Dollars per metric ton
1961-62	138.81	76.23	+62.58
1962-63	92.04	75.91	+16.13
1963-64	78.26	77.81	+0.45
1964-65	71.92	77.33	-5.41
1965-66	¹ 69.31	78.12	-8.81
1966-67	¹ 79.95	80.41	-0.46
1967-68	¹ 78.19	76.30	+1.89
1968-69	¹ 75.97	73.48	+2.49

¹ No. 3. International Wheat Council.

DURUM WHEAT: SUPPLY-DISTRIBUTION FOR THE EUROPEAN COMMUNITY

Year beginning June	Beginning stocks	Production	Imports	Total supply	Domestic disappearance	Exports ¹	Total disappearance	Ending stocks
	1,000 metric tons	1,000 metric tons	1,000 metric tons	1,000 metric tons				
1963-64 ²	500	1,915	805	3,220	2,653	90	2,743	477
1964-65 ²	477	1,524	980	2,981	2,544	88	2,632	349
1965-66 ²	349	2,040	1,270	3,659	3,018	106	3,124	535
1966-67	535	1,802	1,490	3,827	3,100	121	3,221	606
1967-68	606	2,794	888	4,288	3,620	114	3,734	554
1968-69 ³	554	2,433	1,600	4,587	4,137	100	4,237	350
1969-70 ³	350	2,989	—	—	—	—	—	—

¹ Includes wheat equivalent of flour. ² Total of France, Germany, and Italy. ³ Estimated. International Wheat Council through 1967-68; estimates by FAS for later years.

DURUM WHEAT: APPARENT SUPPLY-DISTRIBUTION FOR TOTAL OF ALGERIA, MOROCCO, AND TUNISIA

Year beginning July	Production	Imports ¹	Total supply	Exports	Apparent consumption ²
	1,000 metric tons	1,000 metric tons	1,000 metric tons	1,000 metric tons	1,000 metric tons
1963-64	2,688	8	2,696	132	2,564
1964-65	2,157	—	2,157	51	2,106
1965-66	2,430	108	2,538	103	2,435
1966-67	1,395	414	1,809	1	1,808
1967-68	1,990	398	2,388	1	2,387
1968-69 ³	3,285	293	3,578	—	3,578
1969-70 ³	2,022	—	—	—	—

¹ Based on exports to each country. ² Residual, no allowance made for stock changes. ³ Estimated. International Wheat Council and FAS estimates.

DURUM WHEAT: SUPPLY-DISTRIBUTION FOR THE UNITED STATES, CANADA, AND ARGENTINA

Year	Beginning stocks	Production	Imports ¹	Total supply	Domestic disappearance	Exports ¹	Total disappearance	Ending stocks
	1,000 metric tons	1,000 metric tons	1,000 metric tons	1,000 metric tons	1,000 metric tons	1,000 metric tons	1,000 metric tons	1,000 metric tons
United States (July-June):								
1963-64	1,252	1,415	—	2,667	762	789	1,551	1,116
1964-65	1,116	1,855	—	2,971	848	272	1,120	1,851
1965-66	1,851	1,905	—	3,756	1,361	925	2,286	1,470
1966-67	1,470	1,705	—	3,175	1,107	1,275	2,386	789
1967-68	789	1,796	—	2,585	1,088	843	1,932	653
1968-69	653	2,722	—	3,375	1,007	1,252	2,259	1,116
1969-70 ²	1,116	2,912	—	4,028	—	—	—	—
Canada (Aug.-July):								
1963-64	1,199	1,453	—	2,652	294	673	967	1,685
1964-65	1,685	914	—	2,599	203	929	1,132	1,467
1965-66	1,467	460	—	1,927	293	921	1,214	713
1966-67	713	773	—	1,486	303	724	1,027	459
1967-68	459	550	—	1,009	260	359	619	390
1968-69 ²	390	1,236	—	1,626	399	507	906	720
1969-70 ²	720	2,256	—	2,976	—	—	—	—
Argentina (Dec.-Nov.):								
1963-64	60	620	—	680	72	368	440	240
1964-65	240	703	—	943	101	689	790	153
1965-66	153	419	—	572	112	450	562	10
1966-67	10	516	—	526	114	391	505	21
1967-68	21	532	—	553	148	393	541	12
1968-69 ²	12	450	—	462	167	284	445	17
1969-70 ²	17	720	—	737	—	—	—	—

¹ Includes the wheat equivalent of flour. ² Estimated. International Wheat Council through 1967-68; estimates by FAS for later years.

at an alltime high and competition from both Canada and Argentina was somewhat reduced, U.S. July-January shipments to the EC dropped off 169,000 tons. On the other hand, U.S. exports to the North African countries of Algeria, Morocco, and Tunisia were 119,000 tons higher during the recent 7-month period than in the same period a year earlier.

Italy expected to cut imports

In the EC, Italy, the leading durum producer, is expected to cut back its durum imports from last year's level as a result of a 25-percent increase in production. France has also boosted production again this year, and imports are expected to be below the 350,000- to 375,000-ton levels of the past several years. These gains in EC production are partially the result of favorable weather, but the strong price incentive given to durum producers cannot be discounted. On the other hand, after taking reduced levels of durum for the past 2 years, West Germany should purchase more durum this year, thus at least partially offsetting some of the declines in Italy and France. Other nondurum producers of the EC, as well as the other countries of West Europe, are not expected to alter their imports of durum in the current year.

Last year, the North African countries of Algeria, Morocco, and Tunisia produced a record volume of durum; however, production has fallen off in the current year, and large import purchases have already begun. Because of the types of foods produced in this area from durum, not all of this reduction in production will be covered by durum imports; soft wheat imports will probably also increase.

Prospects for a continued gain in U.S. exports to other areas, such as Japan, Venezuela, and Central America, are good in the current year, for during the first 7 months of 1969-70 U.S. shipments were up 83 percent to Japan, 43 percent to Venezuela, and 310 percent to Central America; the volume to these countries during this period was 61,000 tons.

Competition from other suppliers, particularly Canada and Argentina, is expected to be strong in the current year. Canadian exportable supplies are at a record level, but whereas last season Canada had some difficulties in getting durum supplies to export positions, this problem appears to have been alleviated this season. Argentina's harvest, which was just completed, is estimated at an alltime high, and export sales, especially to Italy, have been large during the past several months at extremely attractive prices.

Malaysian Plan To Upgrade Coconuts Nears Completion

A program to revitalize the West Malaysian coconut industry is expected to achieve 90 percent success by the end of 1970 when nearly 49,300 acres out of a target acreage of 54,200 acres will have been brought to a high level of production. The rejuvenated acreage, mostly in small landholdings, has resulted in a sharp increase in per acre yields —1,000 pounds compared to only 600 pounds outside of the rejuvenation program. At the same time, however, yields on plantations are about twice as large as yields on smallholdings —2,000 pounds compared to 1,000 pounds per acre per year.

The present phase of the program is slated to expire at the end of 1970; however, it is expected to be extended under the second Malaysian plan from 1971 to 1975. The effect on the total coconut output will be relatively small unless the program is extended beyond present plans.

By the end of 1969, some 39,788 acres were revitalized with a further revitalization of 9,500 scheduled for the current year. Of the 1969 total, 30,993 acres were upgraded and 8,795 were replanted. The program, admittedly limited in scope, has somewhat filled the purpose of slowing down the general decline of the coconut industry in West Malaysia.

In the meantime, the Federal Department of Agriculture is endeavoring to further upgrade the coconut industry through research on propagating hybrid nuts by crossing the tall and short coconut varieties with the hope of obtaining increasing yields. Coconut trees are being interplanted with various approved crops. This practice has not only helped to enrich the soil but has also improved farm income. Nevertheless, the cumulative effects of the pilot coconut improvement program will be largely eroded by the continued deterioration of the vast coconut smallholding acreages that have not yet been improved because of budget limitations.

The present official coconut improvement program is, at best, a stop-gap expedient to slow down the rate of decline in the coconut industry in West Malaysia. Unless there is a radical change in the official policy from piecemeal to wholesale revitalization of the coconut industry, comprising mainly smallholdings, copra production may continue to decline.

Because of inadequate domestic supplies of copra, coconut oil millers and copra exporters have to compete against one another for what is available. The advantage lies with the exporters; only efficient millers who operate in large volumes will be able to withstand the competition. However, Malaysians prefer domestically processed coconut oil and continue to consume the bulk of local production. The balance of the supplies continues to be shipped mainly to Commonwealth countries as well as nearby destinations. In 1967 and 1968, Singapore was the largest importer of Malaysian copra; in 1968 India, the Netherlands, and Spain also purchased considerable quantities.

Canada's 1969-70 Grain Quota

The Canadian Wheat Board announced in late February that the general producer delivery quota for grains would be set at 4 bushels per specified acre for the current crop year ending July 31, 1970. The general quota is applicable to wheat, durum, oats, barley, and rye. Last year it was set at 5 bushels per acre.

In addition, the Board's quota policy for the balance of this crop year includes the following:

- The present supplementary quota of 8 bushels per seeded acre on high grade durum wheat will be accessible for the balance of the year.
- The 3-bushel supplementary quota for barley, which was previously announced and later suspended, will be reinstated for the rest of this year.
- Quota levels for flaxseed, rye, rapeseed, and soft white spring wheat will be increased as needed to meet market demand.

The Chief Commissioner of the Board said that delivery of all grains this year may be slightly higher than last year's total of 583 million bushels, despite the lower general quota, because of much heavier deliveries of durum, barley, and oilseeds under supplementary and seeded acreage quotas. (See *Foreign Agriculture* Nov. 10, 1969.)

Malaysian Agricultural Development

Malaysia's steady agricultural development and increasing diversification of crops have given added strength to the national economy. According to the Malaysian Central Bank the economy has, by the standards of developing countries, reached a relatively advanced stage not only in the level of per capita product and standard of living but also in its structure. The gross national product grew at a rate of 5.5 percent a year from M\$6,649 million in 1960 to M\$10,190 million in 1968, while the per capita product increased from M\$820 to M\$986 in the same period.

Agricultural inroads

Malaysia continues to be the world's top exporter of natural rubber, tin, palm oil, and hardwood and is second only to Hawaii in exports of canned pineapple. Agricultural development has made impressive inroads especially in West Malaysia—a result of government efforts to step up farm production through the introduction of double cropping, land settlement schemes, more favorable credit terms, and more effective distribution and marketing facilities. All of these factors have contributed to increased crop quality and productivity as well as acreage, thereby increasing the output of natural rubber, rice, palm oil, and minor crops such as pineapple and tea and causing a record surplus in the 1969 balance of trade.

In 1968 the total area under cultivation in Malaysia was 8,057,000 acres compared with 7,883,000 in 1967. The projected crop acreage for 1969 is 8,168,000 acres and production is forecast at 3,429,000 long tons.

Rice production

In the past rice constituted one of Malaysia's largest import items. However, the Government is now encouraging increased domestic production in order to cut down imports. The estimated rice production in West Malaysia for the 1968-69 season was about 750,000 long tons—a 12-percent increase over the 1967-68 level, while acreage rose from 1.0 million acres to 1.2 million. The increased output and acreage were due partly to expanded cultivation of off-season

MALAYSIA: ESTIMATED CROP ACREAGE AND PRODUCTION

Crops	1968 ¹		1969 ²	
	Planted area	Production	Planted area	Production
	1,000 acres	1,000 long tons	1,000 acres	1,000 long tons
Rubber	4,978	1,089	5,000	1,129
Oil palm	480	278	530	308
Coconut	731	178	740	183
Rice ³	1,426	798	1,440	810
Tea	8	3	8	4
Food crops	144	180	150	190
Fruits	176	704	180	710
Spices	27	42	30	45
Miscellaneous crops	87	44	90	50
Total	8,057	3,316	8,168	3,429

¹ Estimates based partly on basic data by the Departments of Statistics and Agriculture, Kuala Lumpur, Kota Kinabalu, and Kuching and partly estimated by the Office of Agricultural Attaché. ² Forecast of Office of Agricultural Attaché. ³ Excludes about 225,000 and 238,000 acres under double cropping in 1968 and 1969 respectively.

second rice crops, which rose from a few thousand acres in 1958 to almost 225,000 in 1968, and partly to improved cultivation practices and relatively favorable weather conditions.

Double cropping of rice will be stepped up upon the completion of the Muda and the Kemubu irrigation project areas, which will make some 330,000 acres of land in West Malaysia suitable for rice cultivation. There are also prospects for more extensive rice production on some 450,000 acres of low-lying area in East Malaysia.

Coconut revival

In an attempt to resuscitate the declining coconut industry, a pilot improvement scheme is underway (see story on p. 6). Farmers are also being encouraged to interplant approved short-term crops to supplement incomes, as coconuts are generally a low-value crop. Malaysia signed an agreement with Ceylon, India, Indonesia, the Philippines, Singapore, and Thailand to form the Asian Coconut Community. The Community—which produces 80 percent of the world's supply of copra—promotes and coordinates activities of the coconut industry in member countries by providing facilities for training, research, and processing and works to improve the production and marketing of the commodity.

Other crops have also shown increases in acreage and production. Output of canned pineapple rose 6 percent from 1967 to 1968 and production of tea increased 10 percent to 7.6 million pounds in 1968. Pepper output in Sarawak, East Malaysia, jumped 26 percent from the 1967 figure to 24,500 long tons in 1968.

The upward trend in production of these and other minor crops is likely to continue, thanks to the cumulative effects of improved cultivation methods, greater use of fertilizers, and the adoption of more effective disease and pest control measures. In the future, crops such as sugarcane, bananas, tapioca, and corn which have previously been smallholders' crops will be planted more extensively through either commercial or cooperative enterprises. Sorghum cultivation is also likely to increase, particularly in rice growing areas where moisture is inadequate for growing two crops of rice annually.

Livestock expansion

There has also been an upward trend in local production of livestock and poultry. West Malaysia reportedly is self-sufficient in poultry and pork. It is estimated that there are approximately 20 million poultry animals (mainly chickens) in West Malaysia compared with only a few million several years ago. The production of broilers is gaining importance as is the establishment of beef and dairy cattle projects.

In view of the vast tracts of lands that have yet to be developed for production in Malaysia, increasing emphasis is being given to new land development schemes, both through the Federal Land Development Authority and to a lesser extent by the various State governments.

To further encourage agricultural and industrial production, the Government of Malaysia raised import duties twice during 1969 and imposed import control on agricultural commodities such as wheat flour and wheat byproducts, rice bran, cocoa and coffee husks, and skins and fish meals.

—Based on dispatch from DALE K. Vining
U.S. Agricultural Attaché, Kuala Lumpur

Palm oil represented about 6 percent of world trade in fats and oils in 1968. By 1978 it is expected to account for 10 percent or even more—due mostly to the expanded production in Malaysia.

Palm Oil—The Growing Giant of Malaysia

By DALE K. Vining

U.S. Agricultural Attaché, Kuala Lumpur

The history of the oil palm in Malaysia began in 1870 when the oil palm first entered the country. Commercial plantings, however, were not initiated until 1917 and by the year 1923 total area in oil palm totaled slightly over 1,000 acres.

During the 1960's Malaysia jumped from a small producer and exporter of palm oil to the world's largest and by 1974, according to government officials, Malaysia will have nearly 1 million acres devoted to oil palm, more than double the acreage of 1968. Palm oil from this acreage should allow Malaysia to retain its position as one of the world's top producers and largest palm oil exporter.

Success factors

How was the feat accomplished? Many factors were in play. During the 1960's production of palm oil declined in the three major producing countries. In the Congo (Kinshasa) and Nigeria civil strife severely disrupted production and in Indonesia economic difficulties served to cut back output and exports of palm oil.

Meanwhile in Malaysia plantings of oil palm surged. Perhaps the most important factor which promoted oil palm plantings was the price relationship existing in the early 1960's between rubber and palm oil in world markets. The creation of synthetic rubber greatly reduced overall demand for natural rubber, causing serious and prolonged decline in natural rubber prices. At the same time vegetable oil, includ-

ESTIMATED OIL PALM ACREAGE, PRODUCTION, AND EXPORTS FOR WEST MALAYSIA AND SABAH

Year	West Malaysia			Sabah		
	Acre-age	Pro-duction	Ex-ports	Acre-age	Pro-duction	Ex-ports
	1,000 acres	1,000 long tons	1,000 long tons	1,000 acres	1,000 long tons	1,000 long tons
1959	126	71.5	76.9	—	—	—
1960	135	90.3	96.0	—	—	—
1961	141	93.3	93.4	—	—	—
1962	153	106.5	105.7	5.0	—	—
1963	176	123.6	114.9	6.5	—	—
1964	187	120.1	123.3	17.5	—	—
1965	208	146.3	139.2	24.3	2	1.7
1966	304	183.4	178.4	47.9	5	3.3
1967	347	213.4	177.2	54.3	10	8.8
1968	400	260.7	263.7	70.4	20	17.8

Malaysia, Department of Statistics.

Note: Data for Sabah are largely the estimates of the Office of the Agricultural Attaché. There are reportedly about 10,000 acres planted with oil palms in 1967 and 1968 in Sarawak which are not included in the above statistics.

ing palm oil, was fetching the handsome price of over M\$600 a metric ton in world markets—a far better price than raw rubber.

The private agricultural sector—both small landholders and large estates—was quick to respond to the more attractive oil price in the early 1960's. Many rubber estates, particularly those located on soils suitable for oil palm cultivation, pulled down old rubber trees and replanted into palm. Some owners concerned with the future of rubber prices and with an eye to attractive oil prices reportedly bulldozed down young rubber and replanted palm.

Government policies have also contributed to the increased emphasis on oil palm. Officials, realizing the utter dependence of Malaysia on the export of two items—rubber and tin—were quick to adopt measures to diversify the economy.

Help from FLDA

Aside from assistance such as cash and in-kind subsidy payment to large estates and small landholders, the Government took direct action to increase plantings of oil palm through the FLDA (Federal Land Development Authority). The FLDA was established by ordinance in 1956. Its basic function was to settle the landless on new lands, first through loans to State governments and later through direct settlement on FLDA new land schemes. Initially, FLDA schemes were entirely devoted to rubber; then in 1962-63, in conformity with diversification measures, greater emphasis was given to planting oil palms. Now rubber and oil palm plantings share equally in FLDA land settlement schemes.

Up to the end of 1968, FLDA had established 74 new land settlement schemes comprising 219,000 acres—128,000 acres in rubber and 91,000 acres in oil palm. The giant Jengka Triangle Land Settlement Scheme, for example, will upon completion have 66,000 acres in oil palm and 28,000 acres in rubber, exemplifying the emphasis on oil palm.

Thus the combined efforts of the private sector and the FLDA served to quadruple oil palm acreage in the 10 years ending December 1968. Oil palm area as of that date was estimated at 400,000 acres in West Malaysia.

Oil palm plantings have also increased sharply in East Malaysia, particularly in the State of Sabah. Plantings there rose from 5,000 acres in 1962 to 70,000 acres in 1968. Exports have also risen sharply.

New varieties

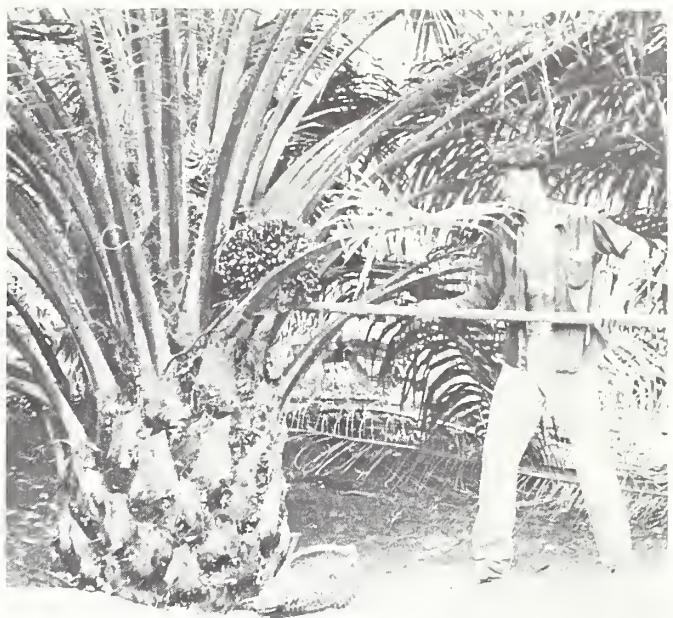
In addition to increased acreage, productivity of oil palm has risen dramatically. Through research new varieties of oil palms have been produced, and the new DP variety (deli x pisifera) is capable of producing from 1.5 to 2.0 long tons of palm oil per acre per year compared to the older varieties yielding from 0.75 to 1.0 ton. Virtually all plantings of the past 15 years have been the new DP type of oil palm. Depending on location, soil, and other agronomic factors, the

oil palm bears its first fruit from 3½ to 4 years after planting; its peak production period is from the 10th through the 15th year. The economic life of the oil palm is approximately 25 to 40 years, and efficient tree management contributes substantially to the palm's life span.

Research has also uncovered a more efficient method of oil extraction. Consequently the recovery rate of oil from the oil palm has risen and is now approximately 20 percent from the fruit and 40 percent from the palm kernel. Some commercial extraction rates consistently exceed the 20 percent level by utilizing this efficient method.

In expectation of the increasing domestic output of palm oil, the Government of Malaysia has plans for the improvement and consolidation of the industry through its newly established research organization known as the Malaysian Agricultural Research and Development Institute (MARDI). Research will be focused on processing and refining of palm oil for various end users. Currently Malaysian palm oil is exported virtually in crude form. The new method of merchandising palm oil, now in the planning stage, will assist the Malaysian product to compete more effectively in the international fats and oils market.

Upper right, removing the fruit from a Malaysian oil palm. The fruit grows in bunches among the palm fronds and is scooped out as shown here. Right, cross section of the fruit reveals the outer, softer portion, which produces a reddish edible oil rich in carotenoids, a source of vitamin A. The inner kernel when crushed produces a white oil similar to that of the coconut.



Below, a view of an oil palm estate in Malaysia planted with new high-yielding varieties.





A display featuring "food for space" greeted visitors to the U.S. exhibit at ROKA.



Above, brown-and-serve rolls and ready-for-the-oven pastries drew much attention at ROKA—their first appearance in Holland. Right, Lily van Pareren-Bles serves Dutch Minister of Agriculture Lardinois a dish she prepared with American long-grain rice in the U.S. demonstration kitchen.

U.S. Foods Were Dutch Treats at ROKA

More than 734 firms from 17 countries exhibited their products at the 17th ROKA International Food Fair held in Utrecht in February. One of the biggest crowd drawers at the Fair was the U.S. exhibit, whose 40 booths attracted the attention of not only the Dutch trade but also buyers from many other countries.

The focus of the U.S. exhibit was on the demonstration kitchen where American foods were transformed into tempting Dutch treats. Lily van Pareren-Bles, well-known Dutch food editor, whipped up recipes demonstrating the many ways in which the foods on exhibit could be served. Iceberg lettuce, cooked and served with melted butter in a turkey sauce, received rave notices from pleased samplers. Other favorites were those combining two or more of the food products, such as turkey with tangerines and raisins, salami-turkey with white

beans, and appetizing rice salad.

Time-saving chilled dough products—brown-and-serve rolls and pastries—that can be popped into the oven received an enthusiastic reception at ROKA, their first appearance in Holland. Frozen turkey specialties and gelatin products also rated much attention from the trade.

Buyers from Switzerland, England, Belgium, Germany, and Italy as well as members of the Dutch trade placed orders for U.S. foods. On-the-spot sales were reported at \$77,000 and sales over the next 12 months from contacts made at the Fair are projected at \$2.8 million.

Moon foods, such as those eaten by the crews of Apollo 11 and 12, were also featured at the U.S. exhibit. One-inch-square chicken sandwiches, cornflakes, and strawberries in bite-sized cubes were displayed as examples of the best in spaceflight dining.



POP Workshop: Sharpening a Marketing Tool

One of the most successful techniques employed to increase sales of U.S. food products abroad—the point-of-purchase (POP) promotion—was the subject of a recent workshop sponsored jointly by cooperator groups and the Foreign Agricultural Service (FAS) of the USDA. Representatives of 28 cooperator groups active in market development and other key people in the POP program met in Washington, D.C., in a working session designed to sharpen this marketing tool—by making it more efficient and more effective.

For 3 days, participants probed the viewpoints and wishes of their clients—the foreign retailers—and dug for ideas used by the U.S. food industry that conceivably could be put to equally good use abroad. Panelists included some of the nation's top people in food merchandising, promotion, and evaluation. The program ranged over the entire field of POP promotion—from the mechanics of a successful event to success stories on previous promotions related by FAS and industry representatives.

Point-of-purchase promotions, used for years by the U.S. food trade, are a relatively new tool of agricultural export promotion. In the past few years cooperators have been focusing their attention and funds more and more on POP promotion. Twenty three cooperator groups now employ POP to a varying degree in their market development activities. The California Cling Peach Advisory Board's program, carried out in 10 European countries, has been devoted almost wholly to POP activity over the past 2 years. The California Raisin Advisory Board, Rice Council and many other groups also use POP extensively.

FAS made a modest beginning in the use of what it then called "in-store" promotions in 1963 when "American Food Fortnights" were held in several British stores. The first promotion on the European continent was not staged until the spring of 1966, but the promotions were so successful that by the close of CY 1969 an estimated 65 million customers had been exposed to U.S. foods through 51 POP promotions held in a total of 58,669 stores in 13 countries. Sales of U.S. food products during POP promotions were valued at nearly \$95 million by the end of 1969.

The promotions are mostly for 10-day periods, covering 2 weekends, but vary in length from 1 to 4 weeks. New food products introduced per store group range from the required minimum of 10 to as many as 120. Stores in Finland, the Ivory Coast, Norway, Switzerland, and Thailand participated for the first time last year while repeat performances were held in Belgium, France, the Philippines, Sweden, and West Germany.

Revolution in the market place

Since 1963 when POP made its debut, the European marketing structure has changed rapidly. Small independent stores find their customers switching to self-service stores—large supermarkets and corporate chains—the emerging giants of the retail circuit. These self-service stores—the stages for POP promotions—now handle the bulk of business in European countries. Eugene Beals of the California Raisin Advisory Board told the members of the POP workshop that in Austria, the self-service industry represents 22 percent of the retail stores but accounts for 39 percent of the volume of goods sold; in France, 8 percent of the stores, 28 percent of

the volume; in Germany, 45 percent and 73 percent; in the Netherlands, 37 percent and 68 percent; in Spain, 4 percent and 17 percent; in Sweden, 50 percent and 72 percent; in Switzerland, 34 percent and 67 percent; in the United Kingdom, 20 percent and 58 percent.

However, the mushrooming self-service stores, many of them members of chain groups with centralized purchasing structures, not only attracted U.S. products but also became profitable hunting grounds for exports from many other countries. Ten years ago there were still markets in which American products such as pineapple, peaches, fruit cocktail, beans, and asparagus were absolutely dominant. Today many other countries are also exporting these products.

Quality—passport to sales

Mr. Beals pointed out the need to stress the quality of the U.S. product over the competition. "Our product," he said, "may have qualities which are not available in a competitive product, but the dissimilarity is difficult for a consumer to recognize without putting the two products side-by-side in the home, which is rarely done. We cannot expect consumers to demand California, Florida, or U.S. grown products, as generally there is confusion in labeling and the origin is difficult to find. We can expect her, if given the opportunity, to recognize a symbol of quality if, in fact, it is available on the packages of our high-quality items."

In explaining the mechanics of a POP promotion in his native England, Colin Paul, who represents four U.S. commodity groups, explained, "The objective is to get prominent shelf space, supported by POP material, to direct the housewife to our product. The housewife in the market for California fruit cocktail, for instance, is bound to buy ours that week, as first of all the sale is motivated by price, and secondly perhaps unconsciously by the impact of mass display, in terms of size and colorfulness."

And what about the foreign retailer—how does he regard these POP promotions? Discussing POP's held in his stores, Guenther Behrens, a large-volume wholesaler for the VeGe chain in Germany, explained, "For 5 years we have been dealing with sales promotions of foreign products in order to convince the consumer of the variety of the world's products. . . . Well prepared and strongly advertised campaigns for certain countries show sales increases of 100-150 percent for individual articles."

The effectiveness of a POP promotion for a particular product was pointed out by Russ Hanlin, representing the California-Arizona Citrus League. Results of a pilot brand promotion successfully carried out in 9 European chains (146 supermarkets) last year showed that promotion stores in Holland registered an increase of California-Arizona orange sales amounting to 50 percent over the prepromotion measurement. Two weeks following the promotion, sales had continued to increase to 57 percent above the base period. In Belgium, California-Arizona citrus sales increased 113 percent during the promotion and continued at 35 percent above the base period at the time of the post promotion measurement. In evaluating the promotion Mr. Hanlin said, ". . . we believe that the analysis of the pilot program verifies that the in-store (POP) promotion strategy is an effective market development activity considering the particular position of California-Arizona citrus in Europe."

CROPS AND MARKETS SHORTS

Weekly Rotterdam Grain Price Report

Current prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago, are as follows:

Item	March 18	Change from previous week		A year ago
		Dol. per bu.	Cents per bu.	Dol. per bu.
Wheat:				
Canadian No. 2 Manitoba	2.01	-2		1.98
USSR SKS-14	(¹)	(¹)		1.88
Australian Prime Hard	1.87	0		1.86
U.S. No. 2 Dark Northern Spring:				
14 percent	1.83	-5		1.89
15 percent	1.95	-2		1.93
U.S. No. 2 Hard Winter:				
13.5 percent	1.78	0		1.82
Argentine	(¹)	(¹)		1.82
U.S. No. 2 Soft Red Winter	1.67	0		1.70
Feedgrains:				
U.S. No. 3 Yellow corn	1.55	-2		1.36
Argentine Plate corn	1.52	-3		1.39
U.S. No. 2 sorghum	1.51	-3		1.32
Argentine-Granifero	1.33	0		1.17
Soybeans:				
U.S. No. 2 Yellow	3.03	+1		2.90

¹ Not quoted.

Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

FEO Fishmeal Outturn and Exports

Production of fishmeal by the 6 member countries (Angola, Chile, Iceland, Norway, Peru, South Africa) of the Fishmeal Exporters Organization (FEO) in calendar 1969 is preliminarily estimated at only 2.9 million short tons, 561,000 tons below the record 1968 volume and 374,000 tons below that in 1967.

The sharp reduction in availabilities resulted in a cutback in exports to about 2.8 million tons. This was below the 1968 and 1967 volumes by 692,000 tons and 128,000 tons, respectively.

As in 1968 exports represented a larger than usual percentage of production. Thus ending stocks in the member countries on December 31, 1969, were estimated to be at the lowest volume for that date in recent years.

In recent years, the 6 member countries of the FEO have accounted for about 90 percent of world exports of fishmeal and about two-thirds of the production. The objectives of the FEO are to promote fishmeal consumption and to ensure a continuity of supply to world markets at stable and profitable prices.

Exports by the FEO countries during the 1964-68 period show a relatively smooth aggregate quarterly flow into the world export market. However, movements in the January-March and the April-June quarters are the heaviest.

In 1969 there was an abrupt departure from the usual quarterly pattern: exports bulged in the second quarter and then proceeded to shrink significantly below the comparable quarterly averages of the 1964-68 period. This shrinkage was to a large extent a reflection of reduced availabilities in Peru

in the latter months of 1969 which caused prices to surge to high levels. The annual average of monthly prices for Peruvian fishmeal, c.i.f. European ports, in 1969 rose to \$160.80 per short ton—32 percent above the \$121.50 averaged in 1968 and the highest annual average since 1965.

Fishmeal exports to the United States showed a higher

FISHMEAL EXPORTS BY FEO COUNTRIES

Period and destination	Average 1964-1968		1969 ¹	
	1,000 short tons	Percent	1,000 short tons	Percent
January-March:				
to United States	112	4	81	3
to other countries	589	22	732	26
Total	701	26	813	29
April-June:				
to United States	132	5	143	5
to other countries	567	21	771	28
Total	699	26	914	33
July-September:				
to United States	123	5	42	1
to other countries	483	18	537	20
Total	606	23	579	21
October-December:				
to United States	107	4	21	1
to other countries	547	21	463	16
Total	654	25	484	17
January-December:				
to United States	474	18	286	10
to other countries	2,186	82	2,504	90
Total	2,660	100	2,790	100

¹ Preliminary.

PRODUCTION AND EXPORTS OF FISHMEAL BY FEO COUNTRIES

Item	1965	1966	1967	1968	1969 ¹
	1,000 short tons				
Production:					
Angola	52	53	46	60	75
Chile	104	244	180	260	200
Iceland	192	194	123	57	70
Norway	352	465	542	443	341
Peru	1,413	1,621	2,002	2,119	1,776
South Africa ²	302	295	391	532	448
Total	2,415	2,872	3,284	3,471	2,910
Exports:					
Angola	53	60	40	51	74
Chile	74	202	113	197	160
Iceland	155	169	146	68	64
Norway	286	284	546	480	335
Peru	1,389	1,438	1,755	2,296	1,825
South Africa ²	257	191	318	390	332
Total	2,214	2,344	2,918	3,482	2,790
Residue available for stocks and domestic consumption	+201	+528	+366	-11	+120

¹ Preliminary. ² Includes South-West Africa.

degree of price responsiveness during the sharp 1969 price rise than did exports to other destinations. In part, this may reflect the sophistication of the computer programing of least-cost ratios by the mixed feed industry. However, the price ratio of fishmeal to soybean meal gives a built-in locational advantage to U.S. feeders of soybean meal vis-a-vis European feeders because of the differences in transportation charges. In addition, built-in inflexibilities in fishmeal utilization have in some cases, such as the recently amended West German feed regulations, caused a forced use of fishmeal regardless of its price in relation to competing meals. Whatever the cause, the fact remains that last year's 32-percent increase in price resulted in only a 20-percent decline in imports.

Peru's Output, Export of Fishmeal

In 1969 fishmeal supplies in Peru—the world's major supplier and the leading competitor for U.S. exports of soybean meal—declined by 519,700 metric tons, equivalent to the crude protein content of 35.9 million bushels of soybeans. The decline resulted in a sharp increase in prices and exports fell by 427,600 tons—the equivalent of 29.5 million bushels of soybeans. Peruvian supplies and exports in 1969 amounted to 2.0 million and 1.7 million tons, respectively.

Interestingly, in calendar 1969, 257,700 tons or 83 percent of the decline in production and 389,600 tons or 91 percent of the decline in exports occurred in the last 4 months of the year. This decline coincided with the early part of the 1969-70 fishing season, which began September 1, 1969; it reflects the reduced catches of anchovy.

Stocks during calendar 1969 dwindled from a high of over 490,000 tons on May 1 to less than 50,000 tons on September 1.

In 1969, average monthly prices for Peruvian fishmeal, c.i.f. European ports, rose sharply from a low of about \$137 per ton in January to a high of nearly \$228 per ton in November. The annual average price at \$177 per ton in 1969 was markedly above the \$134 average for 1968 and was the highest since 1966.

Prices have declined significantly since January 1970, as a result of more favorable catch results and some buildup in stocks. As of March 5, prices were quoted at \$175 per ton.

Virtually all of Peru's fishmeal is produced from anchovies, which are subject to seasonal catch limitations. The 1969-70 fishing season catch limit is currently set at 8.5 million metric tons compared with last season's catch of 10.0 million tons.

If achieved, this could result in an output of 1.6 million tons of meal (see "Peruvian Fishmeal Situation," p. 14, *Foreign Agriculture*, Feb. 9, 1970).

Exports to the United States and Canada declined by 361,400 tons in 1969—the crude protein equivalent of 25.0 million bushels of soybeans. This decline, together with reduced exports to other Western Hemisphere destinations, accounted for 96 percent of the total decline.

Exports to Europe totaled 1.25 million tons in 1969, slightly above those in 1968. West Germany emerged as the largest single country market in 1969, accounting for 384,200 tons or over 23 percent of all Peruvian exports, compared with 396,900 tons or 19 percent in 1968. West German imports of fishmeal are expected to decline significantly this year. The recent changes in West Germany's mixed feed reg-

ulations will accentuate this import decline.

There are, however, indications that fish meal is considered to be a vital ingredient in some poultry rations despite its extremely high price relative to other meals.

PERU'S FISHMEAL EXPORTS

Area or country of destination	1968		1969	
	1,000 metric tons	Per- cent	1,000 metric tons	Per- cent
United States and Canada	550.9	26.4	189.5	11.4
South America	143.4	6.9	103.7	6.3
West Germany	396.9	19.1	384.2	23.2
Other Western Europe ..	556.0	26.7	595.5	36.0
Eastern Europe	278.1	13.3	267.5	16.2
Japan and all others	157.9	7.6	115.2	6.9
Total	2,083.2	100.0	1,655.6	100.0
Total exports excluding those to the Western Hemisphere	1,388.9	66.7	1,362.4	82.3

ESTIMATED SUPPLY AND DISTRIBUTION OF PERUVIAN FISHMEAL

Item	1965	1966	1967	1968	1969 ¹
	1,000 metric tons	1,000 metric tons	1,000 metric tons	1,000 metric tons	1,000 metric tons
Stocks, Jan. 1	260.5	237.4	375.2	600.3	391.7
Production	1,282.0	1,470.5	1,816.0	1,921.9	1,610.8
Total supply	1,542.5	1,707.9	2,191.2	2,522.2	2,002.5
Exports	1,260.0	1,304.5	1,560.9	2,083.2	1,655.6
Apparent consump- tion	45.1	28.2	30.0	47.3	40.0
Stocks, Dec. 31	237.4	375.2	600.3	391.7	306.9
Total distribution	1,542.5	1,707.9	2,191.2	2,522.2	2,002.5

¹ Preliminary.

Sociedad Nacional de Pesquería and other sources.

U.S. Exports of Soybeans, Oils, Meals

U.S. exports of soybeans in January—at 28.7 million bushels—were 11 million bushels less than the heavy December volume. However, they were in sharp contrast to January 1969 exports, which were limited to only 1.2 million bushels because of the longshoremen's strike. September-January exports totaled 188.1 million bushels, almost 52 million bushels or 38 percent above exports in the same period a year ago. The major share of the increase went to Japan and the European Community though larger quantities also went to Denmark, Israel, and Taiwan. The sharp increase in exports for Canada includes transshipments to other destinations.

Soybean oil exports in January were almost 15 million pounds above those a year earlier. October-January shipments totaled 352 million pounds, representing a gain of 34 million pounds from a year earlier. Larger shipments of oil under Public Law 480 programs went to Pakistan, Tunisia, Iran, and Israel, and increased quantities were sold for dollars to Iran, Peru, and the United Kingdom. P.L. 480 oil shipments accounted for 71 percent of the total soybean oil exports.

Cottonseed oil continued to move out in large volume dur-

ing January, bringing the total exposed so far this marketing year to 200.4 million pounds, compared with only 32.6 million a year earlier. These unusually heavy exports reflect large sales of oil that had been acquired by the Commodity Credit Corporation under the 1968 price support program, as well as increased commercial shipments. Venezuela has been the major U.S. cottonseed oil market in recent years and was the recipient of 16 percent of the October-January total. Even larger quantities, however, were exported to both Iran and the United Kingdom in the same period, in contrast to a year earlier when virtually no cottonseed oil was sent to these countries. Sizable quantities also went to the United Arab Republic, Pakistan, the Netherlands, Mexico, and Sweden against virtually none to each of these countries last year.

Oilcake and meal exports totaled 379,000 tons in January,

U.S. EXPORTS OF SOYBEANS, OILS, AND MEAL

Item and country of destination	Unit	January		September-January	
		1969 ¹	1970 ¹	1968-69 ¹	1969-70 ¹
SOYBEANS					
Belgium-Luxembourg	Mil. bu.	0	1.8	4.3	10.5
France	do.	0	1.1	.2	1.2
Germany, West	do.	0	3.6	16.0	17.0
Italy	do.	(²)	2.3	9.3	14.4
Netherlands	do.	.9	4.2	22.0	27.0
Total EC	do.	.9	13.0	51.8	70.1
Japan	do.	.2	5.6	28.3	39.9
Canada	do.	.1	.1	19.0	27.2
Spain	do.	0	3.6	13.6	13.7
Denmark	do.	0	1.5	6.6	8.8
China, Taiwan	do.	0	1.1	6.9	8.6
Israel	do.	0	.4	2.3	5.4
Other	do.	0	3.4	7.8	14.4
Total	do.	1.2	28.7	136.3	188.1
Oil equivalent	Mil. lb.	13.2	314.8	1,496.3	2,065.5
Meal equivalent	1,000 tons	28.3	673.8	3,202.4	4,420.7
EDIBLE OILS					
Soybean: ³	Unit	January		October-January	
Pakistan	Mil. lb.	52.8	23.1	89.6	129.7
Tunisia	do.	0	3.0	.4	46.8
India	do.	0	4.5	112.0	19.9
Iran	do.	0	17.2	10.3	19.1
Israel	do.	0	0	12.2	16.4
Chile	do.	0	.6	14.1	14.0
Peru	do.	0	1.6	7.0	13.7
Canada	do.	.9	3.0	10.0	10.1
Dominican Republic	do.	0	.1	3.7	7.6
Colombia	do.	0	1.9	2.9	7.6
Other	do.	5.2	18.8	56.0	67.2
Total	do.	58.9	73.8	318.2	352.1
Cottonseed: ³					
Iran	do.	0	2.7	0	37.7
United Kingdom	do.	0	17.7	(¹)	31.4
Venezuela	do.	6.0	6.6	26.0	31.3
U.A.R.	do.	0	5.2	0	27.2
Pakistan	do.	0	4.1	0	17.8
Netherlands	do.	0	2.3	1.5	13.1
Canada	do.	.7	2.5	3.9	9.4
Mexico	do.	(¹)	5.5	(¹)	8.3
Sweden	do.	0	0	0	5.5
Other	do.	.2	6.6	1.2	18.7
Total	do.	6.9	53.2	32.6	200.4
Total oils	do.	65.8	127.0	350.8	552.5

Item and country of destination	Unit	January		October-January	
		1969 ¹	1970 ¹	1968-69 ¹	1969-70 ¹
CAKES AND MEALS					
Soybean:					
Belgium-					
Luxembourg	.....	1,000 tons	4.6	9.5	55.4
France	do.		.4	58.1	123.2
Germany, West	do.		0	91.6	193.0
Italy	do.		0	36.1	62.2
Netherlands	do.		5.6	39.7	141.1
Total EC	.....	do.	10.6	235.0	574.9
Canada	.....	do.	23.2	24.0	78.8
Yugoslavia	.....	do.	11.2	11.0	39.8
Hungary	.....	do.	0	28.4	0
Spain	.....	do.	0	.1	31.4
Poland	.....	do.	0	0	34.0
Switzerland	.....	do.	0	11.1	12.4
Denmark	.....	do.	0	7.4	20.6
Japan	.....	do.	0	18.9	.1
Ireland	.....	do.	0	10.9	17.6
Others	.....	do.	1.2	27.9	64.0
Total	.....	do.	46.2	374.7	857.2
					1,443.7
Cottonseed	.....	do.	.5	.9	1.5
Linseed	.....	do.	0	1.2	30.0
Total cakes and meals ⁵	.....	do.	50.6	379.0	913.7
					1,504.5

¹ Preliminary. ² Less than 50,000 bu. ³ Includes shipments under P.L. 480 as reported by Census. ⁴ Less than 50,000 lb. ⁵ Includes peanut cake and meal and small quantities of other cakes and meals.

Computed from rounded numbers. Bureau of the Census.

compared with only 50,600 tons in January 1969. The 4-month cumulative total reached 1.5 million tons, compared with 913,700 last year. January soybean meal exports were exceptionally large, although still smaller than the near-record December level. The 1.4 million tons exported during October-January exceeded last year's level by 68 percent or 586,000 tons. About 80 percent of the gain was marketed in the European Community with West Germany by far the largest market.

Australian Dried Vine Fruits

Despite excellent fresh grape yields and favorable drying conditions, estimates of 1970 Australian dried vine fruit production have been lowered. Current estimates place currant and sultana and lexia raisin production in the range of 102,000 to 112,000 short tons, 13,000 tons below previous estimates. Strong demand from wineries for fresh grapes is cited as the major reason for the revision. Production in 1969 totaled 57,300 tons, one of the smallest packs on record.

Sultana production is now placed at 85,000-90,000 tons, a 10,000-ton downward revision. The major decline is in

AUSTRALIA'S COMMERCIAL RAISIN AND CurrANT PRODUCTION

Commodity	1965	1966	1967	1968	1969
Raisins:	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons
Sultanas	91.7	79.3	97.1	74.6	45.2
Lexias	11.8	11.3	8.8	6.8	4.4
Currants	13.2	8.2	10.1	9.0	7.7

South Australia, where sultana output may be as low as 3,000 tons this year. Sultana production in 1969 was placed at 45,200 tons, the lowest since 1951.

Reports indicate that currant drying is well advanced, and if the weather holds, an 11,000-ton pack is forecast. This compares with the 7,700-ton pack in 1969.

The lexia raisin estimate was lowered by 3,000 tons. A 6,000-ton pack is now expected. The strong demand for wine grapes has been reflected in the decreased drying of Gordos and Walthams this year. Production of lexia raisins totaled 4,400 tons in 1969, the lowest level since 1950.

Large Turkish Filbert Crop

The 1969 Turkish filbert crop is placed at 165,000 short tons (in-shell basis), an increase of 20,000 tons over 1968. Exports for the 1969-70 marketing year (Sept. 1-Aug. 31) are currently estimated at 154,000 tons, approximately 16,000 tons above a year earlier.

SUPPLY AND DISTRIBUTION OF TURKISH FILBERTS [In-shell basis]

Item	1966	1967	1968 ¹	1969 ²
	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons
Beginning stocks (Sept. 1)	25.0	80.0	2.0	0.0
Production	210.0	77.0	145.0	165.0
Total supply	235.0	157.0	147.0	165.0
Exports	140.1	148.0	138.0	154.0
Domestic disappearance ³ ...	14.9	7.0	9.0	9.0
Ending stocks (Aug. 31) ...	80.0	2.0	0.0	2.0
Total distribution	235.0	157.0	147.0	165.0

¹ Revised. ² Preliminary. ³ Includes nuts pressed for oil in some years.

Tobacco Output Drops in India

The 1969-70 Indian tobacco crop is currently estimated to be 705 million pounds—down 7.8 percent from the 765 million pounds produced in the previous year and down 4.2 percent from the 1960-64 average of 736 million pounds. Prospects for this year's crop fell after cyclonic storms in October and November 1969 and heavy rains in mid-December in the principal producing areas. It is estimated that flue-cured production dropped to 187 million pounds during the current crop year from 236 million pounds a year earlier.

While the shortfall is not likely to have much effect on the cigarette production in 1970, export availability is likely to be somewhat curtailed. India's exports during the first three quarters of 1969 (January-September) totaled 106 million pounds, compared with 101 million pounds during the same period in 1968. About 80 percent of the total exports are flue-cured tobacco. The United Kingdom is the largest buyer of Indian tobacco; nearly one-half of total exports go to that market.

South Africa Exports Oriental Leaf

According to a recent report, South African growers of oriental-type tobacco have made a breakthrough in the international tobacco market by shipping consignments of oriental tobacco to the United States and Canada. These first ship-

ments of about 25,000 pounds were to be sent on a trial basis some time in February to cigarette manufacturers in these countries. The association, which has been trying to establish an overseas export market for oriental leaf for a number of years, is also looking for buyers in the United Kingdom, West Germany, Japan, and Australia.

Production of oriental leaf in the Republic of South Africa totaled 1.7 million pounds in 1969, down 15 percent from 2.0 million pounds produced in 1968, but 47 percent above the 1960-64 year average of 1.2 million pounds. Although representing only 2 percent of the total 1969 tobacco crop of 84.5 million pounds, production of oriental leaf could expand further should the South African oriental leaf find acceptability in the overseas markets.

Brazil's Tobacco Output Still Up

Brazilian tobacco production continued its upward trend for the fourth consecutive year in 1969 and further increases are expected in the future. Total 1969 production is estimated at 410 million pounds, up 22 percent from the 335 million pounds produced in 1968 and up 29 percent from the 1967 production of 320 million pounds. Largest increases were recorded in flue-cured and burley types. In 1969, 168 million pounds of flue-cured and 22 million pounds of burley tobacco were produced.

Total tobacco acreage for the 1970 crop is estimated to have changed very little from the previous year; large increases in area planted to flue-cured were offset by a decline in areas previously planted to native air-cured tobacco. Flue-cured and burley tobaccos are grown largely for the export market. In 1968, Brazil exported about 85 million pounds of unmanufactured tobacco.

Japanese Cigarette Sales Rising

Sales of domestically produced cigarettes of all types, during the first half of the Japanese fiscal year 1969-70 (April-September), reached an estimated 108 billion pieces, 9 percent above the 99 billion pieces sold during the first half of 1968-69. Sales of filter-tipped cigarettes during this period totaled 92.7 billion pieces and accounted for 85 percent of the total sales. This output of filter-tipped cigarettes represents an increase of almost 5 percent from the same period a year ago.

With rising sales of cigarettes, imports of unmanufactured tobacco continued upward and rose to a record level of 72.9 million pounds during 1969, 21 percent above the 60.1 million pounds in 1968 and 3 percent above the previous record of 70.7 million pounds in 1966. The United States supplied 64 percent of the total Japanese imports of unmanufactured tobacco during 1969, compared with 59 percent in 1968 and 67 percent in 1966. Most of the remainder came from Greece, India, Turkey, Thailand, and Bulgaria.

Imports of cigarettes, which have been slowing down in recent years, totaled 1.7 billion pieces in 1969, compared with 1.4 billion pieces in 1968 and the high level of 3.8 billion pieces in 1963. In 1969, 56 percent of the imported cigarettes were from the Ryukyu Islands and 35 percent from the United States. Imports of cigars and cheroots, which have been increasing steadily since 1963, totaled 17.9 million pieces during 1969.

Japan is also a producer and exporter of leaf tobacco. Domestic tobacco production in 1969 was estimated at 389

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million pounds, 8.7 percent below the 426 million pounds produced in 1968. Planned acreage for 1970 is about 4 percent less than the 187,424 acres planted in 1969, with most of the decrease in flue-cured.

Exports of leaf tobacco totaled 14.9 million pounds during 1968, compared with 13.0 million pounds in 1967 and an average of 16.5 million pounds during 1962-66. About 89 percent of the total exports went to West Germany and Ryukyu Islands in 1968. Cigarette exports totaled 50 million pieces in 1967.

Finland's Tobacco Imports Up

During 1969, imports of unmanufactured tobacco into Finland totaled 17.7 million pounds, 30 percent above the 13.6 million pounds in 1968 and slightly above the 1967 record of 17.4 million pounds.

Finland produces no tobacco and depends on imports of leaf for its industry. The United States continues to be Finland's major supplier of tobacco with 41 percent of the market during the last 2 years, slightly below the 45 percent share in 1967. Other important suppliers in 1969, all of which have been increasing their share of the Finnish market, included the Republic of South Africa, Mozambique, South Korea, Canada, and Greece. These countries supplied 35 percent of the total imports.

Imported tobacco products also play a minor role in the Finnish market. The domestic tobacco industry appears to be doing well and is expanding into export markets, primarily cigarettes to Sweden. Exports of cigarettes, cigars, and pipe tobacco during 1969 totaled 925,000 pounds, an increase of 35 percent from the 686,000 pounds exported during 1968.

Thailand Issues New Tobacco Law

A new Tobacco Act was issued by the Government of Thailand on December 26, 1969. The new act is designed primarily to encourage domestic tobacco production and to exempt the operation of the tobacco industry using native tobacco from business taxation. In addition, rates for tobacco fees and stamps for tobacco products have been lowered for cigarettes and other tobacco products made from domestic tobacco and increased for products containing foreign-grown tobacco.

Thailand has become an important producer and trader of tobacco. Leaf production continues upward as both domestic

and foreign demand increase. For 1970, production is currently estimated at a record level of 94.5 million pounds, 5.5 percent above the previous year's record of 89.6 million pounds, with flue-cured tobacco making up most of the increase. Nearly half of the total tobacco grown in Thailand is currently of the flue-cured type.

About one-fourth of the total production has been exported in recent years. Unmanufactured tobacco exports, which averaged 6.8 million pounds during 1960-64, rose to 22.4 million pounds in 1968. Thailand, however, continues a major importer of U.S. leaf—it is the fourth largest overseas market for U.S. flue-cured. During 1968 a total of 30 million pounds of unmanufactured tobacco was imported by Thailand, 99 percent of it from the United States. However, imports from the United States during 1969 were down about 15 percent from 1968.

Ceylon Tea Industry Slows in 1969

Ceylon's tea production in 1969 totaled 484.2 million pounds, down 2.3 percent from the 1968 harvest of 495.6 million. Exports also declined, falling to 444.7 million pounds valued at \$178.2 million, from 460.0 million pounds valued at \$195.0 million in 1968. The unit export value in 1969 was down to 40.1 cents per pound—a reflection of lower world tea prices—compared with 42.5 cents the year before.

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